



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(UNAUDITED)**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of US dollars)

		March 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 25,809	\$ 25,208
Restricted cash		672	618
Inventory	Note 3	14,110	16,239
Recoverable taxes	Note 4	6,555	8,545
Other accounts receivable		1,096	343
Prepaid expenses and advances		4,686	3,615
Total current assets		52,928	54,568
Non-current assets			
Property, plant and equipment	Note 5	199,465	197,302
Mineral exploration projects	Note 6	29,298	28,501
Recoverable taxes	Note 4	1,827	2,245
Other accounts receivable		5,000	5,000
Restricted cash		537	517
Total assets		\$ 289,055	\$ 288,133
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 16,266	\$ 19,782
Notes payable		3,040	3,040
Lease liabilities		2,498	2,414
Current tax liability		1,895	1,881
Other taxes payable		1,082	1,056
Reclamation provisions	Note 7	3,045	3,156
Legal and other provisions	Note 8	4,346	3,751
Total current liabilities		32,172	35,080
Non-current liabilities			
Lease liabilities		1,605	1,550
Other taxes payable		9,131	9,293
Reclamation provision	Note 7	22,594	21,148
Legal and other provisions	Note 8	3,602	4,041
Total liabilities		\$ 69,104	\$ 71,112
SHAREHOLDERS' EQUITY			
Common shares	Note 9	\$ 567,267	\$ 566,716
Stock options	Note 9	1,494	1,460
Deferred share units	Note 9	2,587	2,715
Contributed surplus		23,760	23,760
Deficit		(375,157)	(377,630)
Total shareholders' equity		\$ 219,951	\$ 217,021
Total liabilities and shareholders' equity		\$ 289,055	\$ 288,133

On behalf of the Board:
(signed) "Jeffrey Kennedy"

(signed) "Vernon Baker"

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of US dollars, except per share amounts and number of shares)

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 35,844	\$ 30,619
Operating costs <i>Note 11</i>	20,612	19,617
Depreciation	5,765	4,696
Gross profit	9,467	6,306
Exploration and evaluation costs	987	1,522
Care and maintenance costs (Paciência and Roça Grande mines)	168	179
Stock-based compensation <i>Note 9(b)(c)</i>	419	522
General and administrative expenses	1,701	1,777
Amortization	19	19
Legal, recoverable tax and other provisions expenses	70	(136)
Other operating expenses	351	109
Operating income	5,752	2,314
Foreign exchange loss	952	4,596
Finance costs	894	658
Other non-operating (income) expenses <i>Note 12</i>	(462)	698
Income (loss) before income taxes	4,368	(3,638)
Income tax expense	1,895	2,396
Net income (loss)	\$ 2,473	\$ (6,034)
Total comprehensive income (loss)	\$ 2,473	\$ (6,034)
Earnings per share <i>Note 10</i>		
Earnings per share		
Basic	\$ 0.03	\$ (0.08)
Diluted	\$ 0.03	\$ (0.08)
Weighted average shares outstanding		
Basic	72,564,246	72,461,569
Diluted	73,617,132	72,461,569

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of US dollars)

	Three Months Ended March 31,	
	2023	2022
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 2,473	\$ (6,034)
Adjustments and non-cash items		
Depreciation and amortization	5,784	4,715
Accretion interest expense	772	531
Interest (income) expense	122	127
Unrealized foreign exchange loss	1,199	5,596
Current income tax expense	1,895	2,396
Legal and other provisions expense	81	(242)
Other operating activities expenses	331	1,363
Changes in operating assets and liabilities	(363)	(745)
Cash provided by operating activities before income taxes	12,294	7,707
Income taxes paid	(1,929)	-
Net cash provided by operating activities	10,365	7,707
INVESTING ACTIVITIES		
Investment in mineral exploration projects	(797)	(1,169)
Purchase of property, plant and equipment	(8,072)	(8,260)
Proceeds from dispositions of property, plant and equipment	209	117
Net cash (used in) investing activities	(8,660)	(9,312)
FINANCING ACTIVITIES		
Cash received upon issuance of debt	1,650	1,650
Cash received upon issuance of shares via stock options exercised	38	2
Repayment of debt	(2,439)	(2,390)
Interest paid	(106)	(45)
Cash dividends paid	-	(2,319)
Net cash (used in) financing activities	(857)	(3,102)
Effect of exchange rate changes on cash and cash equivalents	(247)	(903)
Net increase in cash and cash equivalents	601	(5,610)
Cash and cash equivalents at the beginning of the period	25,208	40,373
Cash and cash equivalents at the end of the period	\$ 25,809	\$ 34,763

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of US dollars)

	Common Shares		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2022	\$ 72,444,870	\$ 566,860	975,798	\$ 1,268	494,485	\$ 1,887	\$ 23,528	\$ (382,114)	\$ 211,429
Stock options granted	-	-	71,656	78	-	-	-	-	78
Stock options exercised	2,083	2	(2,083)	(2)	-	-	-	-	-
Stock options forfeited	-	-	(36)	-	-	-	-	-	-
Deferred share units granted	-	-	-	-	237,063	444	-	-	444
Deferred share units redeemed	15,333	27	-	-	(15,333)	(27)	-	-	-
Dividends	-	-	-	-	-	-	-	(2,319)	(2,319)
Net loss	-	-	-	-	-	-	-	(6,034)	(6,034)
Balance as at March 31, 2022	72,462,286	\$ 566,889	1,045,335	\$ 1,344	716,215	\$ 2,304	\$ 23,528	\$ (390,467)	\$ 203,598
Balance as at January 1, 2023	72,452,927	\$ 566,716	1,012,082	\$ 1,460	731,338	\$ 2,715	\$ 23,760	\$ (377,630)	\$ 211,429
Stock options granted and outstanding	-	-	28,329	45	-	-	-	-	45
Stock options exercised	33,332	49	(33,332)	(11)	-	-	-	-	38
Deferred share units granted and outstanding	-	-	-	-	309,772	374	-	-	374
Deferred share units redeemed	148,060	502	-	-	(148,060)	(502)	-	-	-
Net income	-	-	-	-	-	-	-	2,473	2,473
Balance as at March 31, 2023	72,634,319	\$ 567,267	1,007,079	\$ 1,494	893,050	\$ 2,587	\$ 23,760	\$ (375,157)	\$ 219,951

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

1. Nature of business

Jaguar Mining Inc. (the “Company” or “Jaguar”) is a corporation continued under the *Business Corporations Act* (Ontario) engaged in the acquisition, exploration, development, and operation of gold producing properties in Brazil. The address of the Company’s registered and principal executive office is 100 King Street West, Suite 5600, Toronto, Ontario, Canada, M5X 1C9.

These condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2023 and 2022, include the accounts of the Company and its wholly-owned subsidiary Mineração Serras do Oeste Ltda. (“MSOL”). MSOL is the operating subsidiary for the Turmalina complex comprising the Turmalina mine and the Caeté complex comprising the Pilar mine. All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards (“IFRS”), and should be read in connection with the Company’s December 31, 2022 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2023.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

2. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company’s audited annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2023:

- **IAS 12 'Income Taxes'** – On May 7, 2021, IASB issued amendments to IAS 12 which require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 12 did not affect the financial results or disclosures in the Company’s condensed interim consolidated financial statements.
- **IAS 1 'Presentation of Financial Statements'** – On February 12, 2021, IASB issued amendments to IAS 1 which include (i) requiring companies to disclose their material accounting policies rather than their significant accounting policies, (ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed, and (iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 1 did not affect the financial results or disclosures in the Company’s condensed interim consolidated financial statements.
- **IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** – On February 12, 2021, IASB issued amendments to IAS 8 which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 8 did not affect the financial results or disclosures in the Company's condensed interim consolidated financial statements.

The following are recent pronouncements approved by the IASB that are pending adoption:

- IAS 1 'Presentation of Financial Statements' – On November 19, 2021, IASB issued amendments to IAS 1 which require companies to reassess the current or non-current classification of certain liabilities based on updated guidance promulgated and provide new disclosures for liabilities subject to covenants. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024.

The impacts of the above amendments to IAS 1 on the Company's consolidated financial statements have not yet been evaluated, but an assessment will be performed prior to the effective date of January 1, 2024.

3. Inventory

Inventory is comprised of the following:

	March 31, 2023	December 31, 2022
Raw material and mine operating supplies	\$ 9,962	\$ 10,207
Ore in stockpiles	440	1,179
Gold in process	1,195	1,455
Unrefined gold doré	2,513	3,398
Total inventory	\$ 14,110	\$ 16,239

The inventory amount recognized in direct mining and processing costs for the three months ended March 31, 2023 was \$19.6 million (\$18.8 million for the three months ended March 31, 2022).

4. Recoverable taxes

	December 31, 2022	Additions/ reversals	Write- offs	Sales of credits	Applied to taxes payable	Foreign exchange	March 31, 2023
Value added taxes and other ^(a)	\$ 6,714	\$ (593)	\$ -	\$ -	\$ (1,910)	\$ 126	\$ 4,337
Provision for VAT and other	(750)	-	-	-	-	(20)	(770)
Net VAT and other taxes	\$ 5,964	\$ (593)	\$ -	\$ -	\$ (1,910)	\$ 106	\$ 3,567
ICMS ^(b)	\$ 7,105	\$ 866	\$ (110)	\$ (899)	\$ (4)	\$ 192	\$ 7,150
Provision for ICMS	(2,279)	(106)	-	-	112	(62)	(2,335)
Net ICMS	\$ 4,826	\$ 760	\$ (110)	\$ (899)	\$ 108	\$ 130	\$ 4,815
Total recoverable taxes	\$ 10,790	\$ 167	\$ (110)	\$ (899)	\$ (1,802)	\$ 236	\$ 8,382
Less: current portion	8,545						6,555
Non-current portion	\$ 2,245						\$ 1,827

- a) In the three months ended March 31, 2023, the Company applied R\$7.1 million (\$1.4 million) in federal value added taxes and other tax credits to pay INSS tax obligations and R\$2.7 million (\$0.5 million) to pay goods and service withholding tax obligations. In the three months ended March 31, 2022, the Company applied R\$7.1 million (\$1.3 million), in federal value added taxes and other tax credits to pay INSS tax obligations and R\$3.7 million (\$0.7 million) to pay goods and service withholding tax obligations.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

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As at December 31, 2022, the Company had a tax refund receivable outstanding in the amount of R\$19.5 million (\$3.7 million) in its statement of financial position from a court judgment received with respect to its litigation over Brazil Federal VAT input tax credit claims from past years. During the three months ended March 31, 2023, the Company (i) recognized R\$0.8 million (\$0.2 million) interest income to Other non-operating expenses and (ii) collected R\$12.2 million (\$2.3 million) in tax refunds. As at March 31, 2023, the Company had a receivable outstanding in the amount of R\$8.1 million (\$1.6 million) in its statement of financial position.

- b) In the three months ended March 31, 2023, the Company started the period with R\$5.2 million (approximately \$1.0 million) in ICMS export and deferred tax credits authorized and available for sale. The Company received approval from the state tax authority to sell an additional R\$5.1 million (approximately \$1.0 million), and the Company sold R\$4.7 million (approximately \$0.9 million) in credits. As at March 31, 2023, the Company held R\$5.6 million (approximately \$1.1 million) in ICMS deferred and export tax credits authorized for sale but not yet sold.

5. Property, plant and equipment (“PP&E”)

	Plant	Vehicles	Equipment ¹	Leasehold ²	CIP ³	Mining properties	Total
Cost							
Balance as at January 1, 2023	\$ 19,114	\$ 5,685	\$ 205,197	\$ 8,161	\$ 11,088	\$ 550,213	\$ 799,458
Additions	30	31	511	-	598	6,618	7,788
Disposals	-	-	-	-	(8)	(7)	(15)
Transfers within PP&E	557	1,283	290	-	(2,130)	-	-
Balance as at March 31, 2023	\$ 19,701	\$ 6,999	\$ 205,998	\$ 8,161	\$ 9,548	\$ 556,824	\$ 807,231

Accumulated depreciation and impairment							
Balance as at January 1, 2023	\$ 16,826	\$ 2,094	\$ 180,931	\$ 6,298	\$ -	\$ 396,007	\$ 602,156
Depreciation for the period	308	63	1,081	408	-	3,750	5,610
Balance as at March 31, 2023	\$ 17,134	\$ 2,157	\$ 182,012	\$ 6,706	\$ -	\$ 399,757	\$ 607,766

Carrying amount							
As at March 31, 2023	\$ 2,567	\$ 4,842	\$ 23,986	\$ 1,455	\$ 9,548	\$ 157,067	\$ 199,465

Cost							
Balance as at January 1, 2022	\$ 17,525	\$ 5,666	\$ 205,596	\$ 5,601	\$ 8,754	\$ 515,536	\$ 758,678
Additions	66	-	3,243	2,619	5,412	34,688	46,028
Disposals	-	-	(5,007)	(59)	(171)	(11)	(5,248)
Transfers within PP&E	1,523	19	1,365	-	(2,907)	-	-
Balance as at December 31, 2022	\$ 19,114	\$ 5,685	\$ 205,197	\$ 8,161	\$ 11,088	\$ 550,213	\$ 799,458

Accumulated depreciation and impairment							
Balance as at January 1, 2022	\$ 15,735	\$ 1,884	\$ 181,941	\$ 4,692	\$ -	\$ 391,632	\$ 595,884
Depreciation for the period	1,547	278	4,635	1,669	-	12,526	20,655
Impairment charges (reversals)	(456)	(68)	(1,481)	(63)	-	(8,140)	(10,208)
Disposals	-	-	(4,164)	-	-	(11)	(4,175)
Balance as at December 31, 2022	\$ 16,826	\$ 2,094	\$ 180,931	\$ 6,298	\$ -	\$ 396,007	\$ 602,156

Carrying amount							
As at December 31, 2022	\$ 2,288	\$ 3,591	\$ 24,266	\$ 1,863	\$ 11,088	\$ 154,206	\$ 197,302

¹ As at March 31, 2023, the Company had equipment under right-of-use leases at a cost and net book value of \$16.7 million and \$8.0 million, respectively (December 31, 2022 - \$16.7 million and \$8.7 million, respectively).

² Refers to corporate office leasehold improvements and leased vehicles in Brazil.

³ Refers to construction in progress.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

6. Mineral exploration projects

	Turmalina	Caeté	Total
Balance as at January 1, 2023	\$ 9,022	\$ 19,479	\$ 28,501
Additions	797	-	797
Balance as at March 31, 2023	\$ 9,819	\$ 19,479	\$ 29,298
Balance as at January 1, 2022	\$ 3,907	\$ 19,479	\$ 23,386
Additions	4,662	-	4,662
Impairment reversals (charges)	453	-	453
Balance as at December 31, 2022	\$ 9,022	\$ 19,479	\$ 28,501

7. Reclamation provisions

	December 31, 2022	Additions (reversals)	Accretion	Payments	Foreign exchange	March 31, 2023
Reclamation provision	\$ 24,304	\$ 127	\$ 740	\$ (194)	\$ 662	\$ 25,639
Less: current portion	3,156					3,045
Non-current portion	\$ 21,148					\$ 22,594

8. Legal and other provisions

As at March 31, 2023, the Company has recognized a provision of \$7.9 million (December 31, 2022 - \$7.8 million) representing management's best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the outcome of the resolution of these matters.

	December 31, 2022	Additions	Reversals/ Transfers	Payments	Foreign exchange	March 31, 2023
Labour litigation	\$ 5,866	\$ 362	\$ (118)	\$ (118)	\$ 158	\$ 6,150
Civil litigation	1,793	3	(206)	-	37	1,627
Tax litigation	48	36	-	(14)	3	73
Other provisions	85	4	-	-	9	98
Total legal and other provisions	\$ 7,792	\$ 405	\$ (324)	\$ (132)	\$ 207	\$ 7,948
Less: current portion	3,751					4,346
Non-current portion	\$ 4,041					\$ 3,602

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

9. Capital stock

a) Common shares

The Company is authorized to issue an unlimited number of common shares. All issued shares are fully paid and have no par value. Changes in common shares for the three months ended March 31, 2023 and 2022 are as follows:

		Number of shares	Amount
Balance as at December 31, 2022		72,452,927	\$ 566,716
Shares issued upon exercise of stock options	Note 9(b)	33,332	49
Shares issued upon redemption of deferred share units	Note 9(c)	148,060	502
Balance as at March 31, 2023		72,634,319	\$ 567,267
Balance as at December 31, 2021		72,444,870	\$ 566,860
Shares issued upon exercise of stock options	Note 9(b)	2,083	2
Shares issued upon redemption of deferred share units	Note 9(c)	15,333	27
Balance as at March 31, 2022		72,462,286	\$ 566,889

1) On June 10, 2022, the Toronto Stock Exchange ("TSX") accepted Jaguar's notice to make a normal course issuer bid (the "NCIB") to purchase for cancellation up to 3,623,640 common shares in the capital of the Company ("Common Shares") in total, being 5% of the issued and outstanding Common Shares as at the date of Jaguar's notice to the TSX. According to the terms of the NCIB, the Company's daily purchases are subject to a daily limit, the Company reserves the right to not purchase shares and may elect to suspend or discontinue the NCIB at any time. The NCIB commenced on June 15, 2022 and will terminate on June 14, 2023, or such earlier time as the NCIB is completed or terminated at the option of Jaguar.

During the three months ended March 31, 2023, the Company did not purchase or cancel any shares under the NCIB (nil shares for the three months ended March 31, 2022). As at March 31, 2023, 3,591,940 shares remained available and subject to purchase for cancellation under the NCIB (December 31, 2022: 3,591,940 shares).

The total amount paid to purchase the shares is allocated to Common shares and Contributed surplus in the Company's condensed interim consolidated financial statements. The amount allocated to Common shares is based on the average cost carrying amount per common share and amounts paid above or below the average cost carrying amount are allocated to Contributed surplus.

b) Stock options

The Stock Option Plan ("SOP") provides for the issuance of options to employees, directors, or officers of the Company, its subsidiary, or any of its affiliates, consultants, and management employees.

The aggregate number of shares available at all times for issuance under the SOP shall not exceed 10% of the total issued and outstanding common shares of the Company (calculated on a non-diluted basis). Any option, which has been exercised, cancelled or forfeited, will again be available for grant under the SOP. The Board of Directors has the power to determine terms of any options and units granted under the Company's incentive plans, including setting exercise prices, vesting terms and expiry dates.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The following table shows the movement of stock options for the three months ended March 31, 2023 and 2022:

	Number of options	Weighted average exercise price (C\$)
Balance as at December 31, 2022	1,012,082	\$ 2.77
Options granted ¹	28,329	2.85
Options exercised ²	(33,332)	1.00
Balance as at March 31, 2023	1,007,079	\$ 2.83
Balance as at December 31, 2021	975,798	\$ 2.91
Options granted ³	71,656	4.33
Options exercised ⁴	(2,083)	1.00
Balance as at March 31, 2022	1,045,371	\$ 3.01

1) In the three months ended March 31, 2023, the Company granted 28,329 stock options to executives of the Company at a weighted average exercise price of C\$2.85 and expiry occurring eight years from the grant date.

2) In the three months ended March 31, 2023, officers and directors of the Company exercised a total 33,332 options with a weighted average exercise price of C\$1.00. The exercises were paid for with \$38,000 in cash proceeds to the Company, and as a result of the options exercised, the Company issued 33,332 common shares. The weighted average share price at the date of exercise of stock options during the three months ended March 31, 2023 was C\$2.63.

3) In the three months ended March 31, 2022, the Company granted 71,656 stock options to executives of the Company at a weighted average exercise price of C\$4.33 and expiry occurring eight years from the grant date.

4) In the three months ended March 31, 2022, officers and directors of the Company exercised a total 2,083 options with an exercise price of C\$1.00. The exercises were paid for with \$2,000 in cash proceeds to the Company, and as a result of the options exercised, the Company issued 2,083 common shares. The weighted average share price at the date of exercise of stock options during the three months ended March 31, 2022 was C\$4.47.

The following table sets out the details of the valuation of stock option grants for the three months ended March 31, 2023 and 2022, measured using the Black-Scholes option pricing formula:

Grant date	Weighted average exercise price (C\$)	Number of options	Risk-free interest rate	Expected Life (number of years)	Volatility Factor	Weighted average grant date fair value per option (C\$)
January 27, 2023 ¹	2.85	28,329	3.74%	4.00	64%	1.47
January 25, 2022 ²	4.33	71,656	1.20%	4.00	79%	2.51

¹ 28,329 options are exercisable upon vesting and vest if and when the 15 day VWAP of the Company's shares reaches C\$4.28 per share.

² 67,562 options are exercisable upon vesting and vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022.

4,094 options are also exercisable upon vesting and vest if and when the 20 day VWAP of the Company's shares reaches C\$5.20 per share.

The expected volatility was estimated using the Company's historical data from the date of grant and for a period corresponding to the expected life of the options.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The table below shows the outstanding stock options as at March 31, 2023:

Weighted average exercise price (C\$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US\$ per option)	Expiry date
3.30	September 21, 2017	20,000	20,000	2.20	September 21, 2025
3.70	January 23, 2018	15,000	15,000	1.99	January 23, 2026
2.10	August 31, 2018	4,374	4,374	1.10	August 31, 2026
1.00	May 31, 2019	20,000	20,000	0.33	May 31, 2027
2.20	August 5, 2019	600,000	600,000	0.99	August 5, 2027
1.90	October 4, 2019	22,500	22,500	1.13	October 4, 2027
2.50	January 15, 2020	158,664	158,664	1.36	January 15, 2028
8.70	August 19, 2020	8,500	8,500	5.11	August 19, 2028
8.25	January 19, 2021	58,056	36,514	3.87	January 19, 2029
4.33	January 25, 2022	71,656	26,614	1.99	January 25, 2030
2.85	January 27, 2023	28,329	-	1.10	January 27, 2031
\$ 2.83		1,007,079	912,166	\$ 1.35	

For the three months ended March 31, 2023, the Company recognized \$45,000 in stock-based compensation expense for stock options in the condensed interim consolidated statements of operations and comprehensive income (\$78,000 in the three months ended March 31, 2022).

c) Deferred share units – “DSUs”

The deferred share unit plan (“DSU Plan”) provides awards to employees, directors, or officers of the Company. DSU means a right to receive, on a deferred basis, previously unissued shares in accordance with the terms of the DSU Plan. DSUs granted to officers, executives, and employees are redeemable upon vesting. DSUs granted to directors are redeemable upon retirement and up to three to twelve months following retirement. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 3,623,269.

The following table shows the movement of DSUs for the three months ended March 31, 2023 and 2022:

	Number of units	Weighted average grant date fair value (US\$)
Balance as at December 31, 2022	731,338	\$ 3.74
Units granted ¹	309,772	2.25
Units redeemed ²	(148,060)	3.39
Balance as at March 31, 2023	893,050	\$ 3.28
Balance as at December 31, 2021	494,485	\$ 3.90
Units granted ³	237,063	3.39
Units redeemed ⁴	(15,333)	1.75
Balance as at March 31, 2022	716,215	\$ 3.78

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For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

1) On January 27, 2023, the Company granted a total 309,772 DSUs to directors and executives of the Company holding a total grant date fair value of \$698,000, measured at US\$2.25/share, as follows:

- i. 12,195 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C\$4.28 measured on a 15-day VWAP basis.
- ii. 148,789 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
- iii. 148,788 time-vested DSUs to non-executive directors, that shall vest on the earlier of the date of the 2023 Annual General Meeting or June 30, 2023.

2) In the three months ended March 31, 2023, officers and directors redeemed a total of 148,060 DSUs. The DSU redemptions were settled via issuance of 148,060 common shares, and the corresponding grant date fair value of \$502,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

3) On January 25, 2022, the Company granted a total of 230,141 DSUs to directors and executives of the Company, holding a total grant date fair value of \$780,000, measured at US\$3.39/share, as follows:

- i. 21,106 time-vested DSUs to executives of the Company, that vest on a quarterly basis, in twelve equal instalments, starting on April 1, 2022.
- ii. 21,106 performance-vested DSUs to executives of the Company, that shall vest if the Company's stock price reaches C\$5.20 measured on a 20-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days.
- iii. 93,965 immediately-vested DSUs were granted to the Company's non-executive directors, all of which vested immediately.
- iv. 93,964 time-vested DSUs to non-executive directors, that shall vest on the earlier of the date of the 2022 Annual General Meeting or June 30, 2022.

As a result of dividends paid to shareholders during the three months ended March 31, 2022, the Company granted a total of 6,922 DSUs to officers and directors of the Company, holding a total grant date fair value of \$23,000 measured at a weighted average US\$3.31/share.

4) In the three months ended March 31, 2022, officers and directors redeemed a total of 15,333 DSUs. The DSU redemptions were settled via issuance of 15,333 common shares, and the corresponding grant date fair value of \$27,000 was reclassified within Shareholders' equity accounts from DSUs to Common shares.

For the three months ended March 31, 2023, the Company recognized \$374,000 in stock-based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive income (\$444,000 for the three months ended March 31, 2022).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

10. Basic and diluted earnings per share

Dollar amounts and share amounts in thousands, except per share amounts.

	Three Months Ended March 31,	
	2023	2022
Numerator		
Net income (loss) for the purpose of basic and diluted income per share	\$ 2,473	\$ (6,034)
Denominator		
Weighted average number of common shares outstanding - basic	72,564,246	72,461,569
Stock Options	159,836	-
Deferred share units	893,050	-
Weighted average number of common shares outstanding - diluted	73,617,132	72,461,569
Basic income (loss) per share	\$ 0.03	\$ (0.08)
Diluted income (loss) per share	\$ 0.03	\$ (0.08)

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include the following effect of options and deferred shares units which were anti-dilutive to earnings per share in the period:

	Three Months Ended March 31,	
	2023	2022
Stock options	847,243	1,045,371
Deferred share units	-	716,215
Anti-dilutive instruments	847,243	1,761,586

11. Operating costs

		Three Months Ended March 31,	
		2023	2022
Direct mining and processing costs	<i>Note 3</i>	\$ 19,550	\$ 18,765
Royalty expense and CFEM taxes ¹		1,062	852
Operating costs		\$ 20,612	\$ 19,617

¹ CFEM - Compensação Financeira pela Exploração Mineral taxes are Brazil mining royalty fees levied by the Federal government as financial compensation for mineral exploitation.

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For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

12. Other non-operating (income) expenses

	Three Months Ended March 31,	
	2023	2022
Interest income	\$ (339)	\$ (35)
(Gain) loss on disposition of property, plant and equipment	(194)	735
Write-offs on disposals of ICMS and other recoverable taxes	110	-
Other non-operating (recoveries)	(39)	(2)
Total other non-operating (income) expenses	\$ (462)	\$ 698

13. Cash flow – other operating activities

	Three Months Ended March 31,	
	2023	2022
Stock-based compensation	\$ 419	\$ 522
(Gain) loss on disposition of property, plant and equipment	(194)	735
Additions (recoveries) to provision against recoverability of VAT and other taxes	Note 4 106	106
Other operating activities expense	\$ 331	\$ 1,363

14. Cash flow – changes in operating assets and liabilities

	Three Months Ended March 31,	
	2023	2022
Restricted cash	\$ (74)	\$ (135)
Inventory	1,955	(979)
Recoverable taxes	2,538	(150)
Other accounts receivable	(753)	(39)
Prepaid expenses and other assets	(1,071)	(482)
Accounts payable and accrued liabilities	(2,421)	2,183
Other taxes payable	(211)	(204)
Reclamation provisions	Note 7 (194)	(755)
Legal and other provisions	Note 8 (132)	(184)
Changes in operating assets and liabilities	\$ (363)	\$ (745)

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For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

15. Financial liabilities and other commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

As at March 31, 2023	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 16,266	\$ -	\$ -	\$ -	\$ 16,266
Other Taxes Payable ^(a)					
ICMS Settlement Due	200	53	-	-	253
INSS	618	607	-	-	1,225
IRPJ & CSLL Settlement Due	225	330	10	-	565
Notes payable					
Principal					
Bank indebtedness ^(b)	3,040	-	-	-	3,040
Interest	80	46	-	-	126
Lease liabilities	2,438	1,882	156	-	4,476
Reclamation provisions ^(c)	3,429	10,293	5,742	20,181	39,645
Current tax liability	1,895	-	-	-	1,895
Total financial liabilities	\$ 28,191	\$ 13,211	\$ 5,908	\$ 20,181	\$ 67,491
Other Commitments					
Suppliers' agreements ^(d)	878	-	-	-	878
Insurance agreements ^(e)	299	-	-	-	299
Total other commitments	\$ 1,177	\$ -	\$ -	\$ -	\$ 1,177
Total	\$ 29,368	\$ 13,211	\$ 5,908	\$ 20,181	\$ 68,668

^(a) Financial liabilities within Other taxes payable include state value-add taxes payable (*ICMS – Imposto sobre circulação de mercadorias e prestação de serviços*), payroll taxes payable (*INSS - Instituto Nacional do Seguro Social*), and federal income taxes payable (*IRPJ - Imposto de renda pessoa jurídica and CSLL - Contribuição social*).

^(b) Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

^(c) Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

^(d) Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

^(e) Insurance premium commitments in accordance with the Company's liability and property insurance policies.

16. Capital disclosures

The Company manages its capital structure in order to support the acquisition, exploration and development of mineral properties, and to maximize return to stakeholders through a flexible capital structure which optimizes the costs of capital and the debt and equity balance. The Company sets the amount of capital in proportion to risk by managing the capital structure and making adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To adjust or maintain its capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities, issue new equity, or enter into new customer advance arrangements.

As at March 31, 2023, the Company's capital structure is comprised of \$3.0 million in notes payable and \$220.0 million in shareholders' equity (December 31, 2022: \$3.0 million in notes payable and \$217.0 million in

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shareholders' equity). As at March 31, 2023, the Company is not subject to externally imposed capital requirements.

17. Financial risk management and financial instruments

The Company's activities expose it to a variety of financial instrument risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk, and price risk.

a) Credit risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, recoverable tax claims, and sales agreements, but does not expect any counterparties to fail to meet their obligations. The Company's cash and cash equivalents are held through large financial institutions in Brazil, Canada, and the United States of America. The Company manages its credit risk by entering into transactions with high-credit quality counterparties, limiting the amount of exposure to each counterparty where possible, and monitoring the financial condition of the counterparties.

b) Liquidity risk

To manage its liquidity risk, the Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main factors are the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those mines. The Company's financial liabilities and other commitments are listed in Note 15.

c) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy. On an ongoing basis, the Company evaluates its price risk and currency risk and, when envisioned to be beneficial, engages in derivative financial instruments to manage these risks, including gold forward contracts, gold price collar contracts, gold call option contracts, and foreign exchange call and put option contracts. As at March 31, 2023, the Company did not have any derivative positions outstanding (December 31, 2022 – nil positions outstanding).

1) Price risk

The Company is exposed to price risk with respect to gold prices on gold sales. The Company evaluates price risk and, when envisioned to be beneficial, may enter into hedge contracts to manage this risk and to secure future sales terms with customers. The Company does not use hedge accounting for these instruments and gain and losses are recorded in earnings as fair value changes occur as a component of revenue. In the three months ended March 31, 2023, the Company did not enter into any price hedge contracts (nil price derivative contracts in the three months ended March 31, 2022).

2) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Financial instruments that impact the Company's net earnings due to currency fluctuations include: Brazilian reais and Canadian dollar denominated cash and cash equivalents, recoverable taxes, accounts payable and accrued

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For the three months ended March 31, 2023 and 2022

(Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

liabilities, income taxes payable, reclamation and other provisions and Euro denominated capital lease obligations. The Company may, at its discretion, use forward or derivative contracts to manage its exposure to foreign currencies. In the three months ended March 31, 2023, the Company did not enter into any foreign exchange forward or derivative contracts (nil foreign exchange derivative contracts in the three months ended March 31, 2022).

d) Interest rate risk

The Company is potentially exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 5.0% to 6.8% per annum.

e) Changes in liabilities arising from financing activities

	Balance as at January 1, 2023	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Lease liability additions	Foreign exchange (gain) loss	Other non- cash changes	Balance as at March 31, 2023
Notes payable	\$ 3,040	\$ 1,650	\$ (1,650)	\$ (42)	\$ 42	\$ -	\$ -	\$ -	\$ 3,040
Lease liabilities	3,964	-	(789)	(27)	-	796	108	51	4,103
	\$ 7,004	\$ 1,650	\$ (2,439)	\$ (69)	\$ 42	\$ 796	\$ 108	\$ 51	\$ 7,143

18. Related party transactions

The Company incurred legal fees from Azevedo Sette Advogados (“ASA”), a law firm where Luis Miraglia, a director of Jaguar is a partner. Fees paid to ASA are recorded at the exchange amount, representing the amount agreed to by the parties and included in general and administrative expenses in the condensed interim consolidated statements of operations and comprehensive (loss) income. Legal fees paid to ASA were \$4,000 for the three months ended March 31, 2023 (\$2,000 for three months ended March 31, 2022).